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At WFX 015/2566

Subject Management Discussion and Analysis for operating results the third quarter and nine-month period ended 30 September 2023.

Dear The Director and Manager of the Stock Exchange of Thailand

World Flex Public Company Limited ("the Company") would like to report the operating results of the Company, the third quarter and nine-month period ended 30 September 2023, the details are as follows.

1. Overview of operating

Results for the year 2023, the three-month and nine-month period ended 30 September 2023 are as follows:

| Million Baht | 3Q/22 | 2Q/23 | 3Q/23 | Change% | | 9M/22 | 9M/23 | Change% |
|-------------------------------------|---------------|----------------|----------------|---------------|-----------------|-----------------|-----------------|-----------------|
| | | | | QoQ | YoY | | | YoY |
| Revenue from sales of goods | 681.40 | 612.39 | 700.89 | 14.45 | 2.86 | 2,819.53 | 1,973.16 | (30.02) |
| Revenue from sales of scrap | 0.05 | 0.04 | 0.02 | (50.00) | (60.00) | 0.25 | 0.12 | (52.00) |
| Total revenue from sales | 681.45 | 612.43 | 700.91 | 14.45 | 2.86 | 2,819.78 | 1,973.28 | (30.02) |
| Other income | 5.24 | 2.36 | 3.39 | 43.64 | (35.31) | 11.20 | 8.16 | (27.14) |
| Net gains foreign exchange | 3.89 | - | - | - | (100.00) | 4.39 | - | (100.00) |
| Total income | 690.58 | 614.79 | 704.30 | 14.56 | 1.99 | 2,835.37 | 1,981.44 | (30.12) |
| Costs of sale of goods | 634.72 | 588.91 | 664.12 | 12.77 | 4.63 | 2,415.52 | 1,885.06 | (21.96) |
| Distribution costs | 10.70 | 9.18 | 10.17 | 10.78 | (4.95) | 34.00 | 29.32 | (13.76) |
| Administrative expenses | 5.61 | 10.45 | 9.39 | (10.14) | 67.38 | 68.53 | 30.41 | (55.63) |
| Net losses on foreign exchange | - | 2.38 | 10.64 | 347.06 | 100.00 | - | 19.50 | 100.00 |
| Total expenses | 651.03 | 610.92 | 694.32 | 13.65 | 6.65 | 2,518.05 | 1,964.29 | (21.99) |
| EBITDA | 39.55 | 3.87 | 9.98 | 157.88 | (74.77) | 317.32 | (17.15) | (105.40) |
| Depreciation and amortization | 33.73 | 39.68 | 42.44 | 6.96 | 25.82 | 87.21 | 120.17 | 37.79 |
| EBIT | 5.82 | (35.81) | (32.46) | (9.35) | (657.73) | 230.11 | (103.02) | (144.77) |
| Financial costs | 0.76 | 5.30 | 4.84 | (8.68) | 536.84 | 3.13 | 14.94 | 377.32 |
| Tax income (expenses) | 0.77 | (2.36) | 1.23 | 152.12 | 59.74 | 37.54 | (1.14) | (103.04) |
| Profit (loss) for the period | 4.29 | (38.75) | (38.53) | (0.57) | (998.14) | 189.44 | (116.82) | (161.67) |
| EPS | 0.01 | (0.08) | (0.08) | | | 0.41 | (0.25) | |



Revenue from sales

The Company total revenue for 3Q/23 of 704.30 million baht, increased of 13.72 million baht or 1.99% compared to 3Q/22 total revenue of 690.58 million baht and 1,981.44 million baht for 9M/23 decreased of 853.93 million baht or 30.11% from the same period 9M/22 total revenue was 2,835.37 million baht.

For 3Q/23 compared to 3Q/22 increased of 19.46 million baht or 2.86% to increased sales volume but while the average selling price decreased. the increase in sales volume from the previous quarter was attributed to continued market share expansion. However, revenue from sale for 9M/23 decreased compared to the same period 9M/22 of 846.37 million baht or 30.02%. The mainly reasons were due to lower average selling prices compared with the same period last year due to high competition from both domestic and oversea sellers, as well as interest rate hikes and the inflation. As a result, the revenue from rubber thread ,which is the main income of the Company is decrease.

Cost of sales of goods

Costs of sales of goods for 3Q/23 were 704.52 million baht, increased of 38.34 million baht or 5.76% and 9M/23 of 1,999.03 million baht or a decreased of 497.13 million baht or 19.92% respectively. This was in line with the decline in sales revenue due to the economic conditions of the minimum wage, electricity charge, and the energy shortages have caused the rise energy prices and other products. As a result, the Company raw materials such as chemicals and packaging have increased their prices in line with direct sales costs. The increase in the Company gross profit has decreased.

Distribution costs

Distribution costs for 3Q/23 were 10.17 million baht, decreased of 0.53 million baht or 4.95% and 9M/23 of 29.32 million baht, decreased of 4.68 million baht or 13.76% from the same period of last year due mainly to export and freight expenses, which were variable from sales revenue.

Administrative Expenses

Administrative expenses for 3Q/23 were 11.43 million baht, increased of 3.55 million baht or 45.05% and 9M/23 of 36.61 million baht, a decreased of 38.49 million baht or 51.25% compared to the same period last year due mainly to personnel expenses.



Financial Costs

Financial costs for 3Q/23 were 4.84 million baht, an increase of 4.08 million baht or 536.84% and 9M/23 of 14.94 million or an increase of 11.81 million or 377.32% due to the recent interest rate hike in financial institutions.

Net Profit (Loss)

The Company net loss for 3Q/23 was 38.53 million baht, an increase of 42.82 million baht or 998.14% compared to 3Q/22 last year when the net profit was 4.29 million baht. For 9M/23 was 116.82 million baht, an increase of 306.26 million baht or 161.67% compared to 9M/22 was 189.44 million baht, mainly due to lower operating profit due to lower sales revenue.

2. Analysis of the Company financial position

| Statement of financial position | 30 September 2023 | | 31 December 2022 | | Increase (Decrease) | |
|-------------------------------------|-------------------|---------------|------------------|---------------|---------------------|---------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Total assets | 2,700.43 | 100.00 | 2,958.56 | 100.00 | (258.13) | (8.72) |
| Total liabilities | 787.84 | 29.02 | 831.66 | 28.11 | (43.82) | (5.27) |
| Equity | 1,912.59 | 70.98 | 2,126.90 | 71.89 | (214.31) | (10.08) |
| Total liabilities and equity | 2,700.43 | 100.00 | 2,958.56 | 100.00 | (258.13) | (8.72) |

Note : Abbreviated statement of financial position

Total Assets

As of 30 September 2023, total assets were 2,700.43 million baht, a decrease of 258.13 million baht or 8.72% from the previous year. The main changes were cash and cash equivalents decreased of 172.32 million baht or 58.92% the account receivables and other receivables decreased by 39.91 million baht or 12.74% respectively. Moreover, properties, plants, and equipment decreased by 48.26 million baht or 2.90%, mainly due to the reduction of the Company normal depreciation.

Total Liabilities

As of 30 September 2023, the Company total liabilities were 787.84 million baht, decreased of 43.82 million baht or 5.27% from the payment of trade creditors, raw materials, chemicals, and other creditors decreased of 25.76 million baht or 7.52% and long-term debt payments from financial institutions under terms of loan contracts decreased of 75.60 million baht or 32.44%

Total Equity

The Company shareholders equity as of 30 September 2023, was 1,912.59 million baht, decreased of 214.31 million baht or 10.08% from the previous year due to operating loss during the period.



3. Cash flow

| Statement of cash flows | 9M/23 | 9M/22 |
|-----------------------------------|-----------------|-----------------|
| | Million Baht | |
| Cash from operating activities | 49.90 | 96.93 |
| Cash used in investing activities | (74.93) | (428.32) |
| Cash used in financing activities | (147.43) | (100.19) |
| Net (decrease) in cash | (172.46) | (431.58) |

The cash flow statement 9M/23 is as follows.

Cash flows from operating activities: consisting of a loss after adjusting items affecting in the amount of 31.91 million baht. The Company had cash flow from the account receivables and other receivables in amount of 46 million baht and the inventory in amount of 6.29 million baht, and cash outflow for the account payables and other payables in amount of 21.75 million baht, resulting in the Company net cash used in operating activities in the amount of 49.90 million baht.

Cash flows from investing activities: the Company had cash outflows for investing activities of 74.93 million baht from an increase in the properties, buildings, and equipment amount 76.56 million baht and cash received from sale of equipment amount 1.29 million baht.

Cash flows from financing activities: the Company cash flows used in financing activities amount to 147.43 million baht, cash receipts from regular short-term loan in the amount of 42 million baht and repayments of regular long-term loans in amount 75.60 million baht and dividends paid to shareholders of the Company amount 97.48 million baht.

Future Business Strategy

- Commit to continuously expanding the market with aims to reach more than 100 countries in the next 2 years from the current customers worldwide 84 countries around the world.
- Commit to maintain leading as a world wide rubber thread manufacturer and distributor with competitive advantage in terms of natural latex raw material sources, which has access to quality raw materials and large quantities.
- Focus on strengthen cost management, the efficiency improvements, operational approaches to enhance value creation for sustainable cash flow generation. These strategies are poised for positive yield and tangible results in the coming quarters.
- Increase production efficiency with automation systems and various technologies to reduce costs and reduce reliance on labor in the production process.




- Enhance and maintain leadership in ESG by focusing on conducting business with social and environmental responsibility and good corporate governance in order to be in line with the current concept of sustainable global mega trends.
- Follow up on the performance of the Solar Rooftop project with an electrical capacity of 60.42 kWP at the Rayong Factory Office to reduce the amount of electricity used and the amount of greenhouse gases.

Please be informed accordingly.

Yours faithfully

World Flex Public Company Limited



Nat Vongsasuttikul
Managing Director